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TABLES AND FIGURES FOR

Income and Consumption Volatility over Time

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Table 1: Descriptive Statistics, Consumption and Income, PSID 1967-2007

| | Mean | | Median | | 90/10 Ratio | | Standard Deviation | | Std. Deviation of Log | |
| | Consumption | Income | Consumption | Income | Consumption | Income | Consumption | Income | Consumption | Income |
Year	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1967		38,429		32,331		6.064		27,863		0.694
1968	13,838	40,295	13,120	34,434	2.631	6.015	5,118	27,908	0.373	0.687
1969	12,523	41,574	11,841	35,522	2.629	5.960	4,709	28,368	0.376	0.682
1970	12,826	42,148	12,157	35,979	2.664	6.197	4,766	29,510	0.374	0.703
1971	12,900	43,298	12,216	36,830	2.594	5.968	4,764	29,541	0.367	0.683
1972	13,043	44,484	12,376	37,773	2.638	5.852	4,783	31,060	0.368	0.684
1973	.	44,057	.	37,823		5.694	.	30,101	.	0.674
1974	14,075	44,960	13,267	38,378	2.588	5.863	5,068	31,180	0.357	0.674
1975	14,031	45,502	13,261	38,407	2.558	6.069	5,101	31,880	0.357	0.683
1976	14,324	47,312	13,474	40,130	2.540	6.116	5,268	32,967	0.362	0.689
1977	14,442	49,705	13,634	42,269	2.826	6.215	5,686	34,851	0.396	0.689
1978	15,009	49,324	14,120	42,025	2.945	6.392	6,015	34,613	0.405	0.705
1979	15,310	49,477	14,466	42,206	2.880	6.224	6,054	34,497	0.396	0.703
1980	15,735	48,961	15,052	41,276	2.738	6.573	5,805	34,052	0.378	0.709
1981	15,458	50,912	14,769	43,659	2.749	6.763	5,720	35,987	0.379	0.728
1982	15,501	51,854	14,762	43,433	2.756	7.087	5,867	37,780	0.386	0.739
1983	15,422	52,541	14,631	44,288	2.842	7.130	5,950	38,016	0.392	0.757
1984	15,441	55,552	14,696	45,963	2.798	7.370	5,892	41,011	0.392	0.760
1985	15,872	56,925	15,010	47,172	2.909	7.734	6,190	42,076	0.401	0.777
1986	16,199	58,195	15,399	47,910	2.910	7.519	6,277	44,164	0.397	0.776
1987	16,238	58,356	15,530	48,689	2.964	7.681	6,367	43,107	0.405	0.777
1988		58,438		47,783		7.863		44,484		0.786
1989		58,382		48,466		8.055		44,016		0.781
1990	16,525	58,387	15,653	47,979	2.953	7.784	6,505	44,638	0.404	0.773
1991	16,552	59,000	15,785	48,478	2.965	8.075	6,427	45,013	0.404	0.777
1992	16,874	60,824	15,941	49,473	2.896	8.504	6,705	47,042	0.401	0.798
1993	17,131	61,978	16,231	50,403	2.915	8.374	6,595	48,274	0.396	0.784
1994	17,863	62,970	16,887	51,126	3.010	8.190	7,118	47,922	0.403	0.777
1995	17,809	64,361	16,993	52,714	2.902	8.013	6,839	49,529	0.397	0.772
1996	17,408	66,302	16,561	55,311	2.888	7.681	6,741	49,580	0.400	0.753
1997	17,809		16,956		2.918		6,800		0.397	
1998		72,923		60,299		7.548		53,751		0.748
1999	18,411		17,335		2.798		6,959		0.385	
2000		75,210		61,116		6.990		57,064		0.722
2001	18,843		17,702		2.703		7,087		0.381	
2002		75,076		60,525		7.041		56,144		0.729
2003	19,067		18,196		2.737		7,063		0.382	
2004		75,155		61,669		7.524		56,701		0.735
2005	20,025		18,799		2.917		7,848		0.400	
2006		78,213		63,851		7.341		59,681		0.749
2007	20,395		19,269		2.995		7,929		0.399	
Percent Change										
84 to 06/07	0.321	0.408	0.311	0.389	0.070	-0.004	0.346	0.455	0.017	-0.014
67/68 to 06/07	0.474	1.035$	0.469	0.975	0.138	0.210	0.549	1.142	0.067	0.080

Notes: Numbers are expressed in 2005$ using the CPI-U-RS and are equivalence-scale adjusted. The top and bottom 1% of the whole sample is trimmed for all statistics except the 90/10 ratio. Income includes all money income of the family. Consumption includes food and housing, where housing consumption for homeowners is calculated as the predicted rental equivalent.
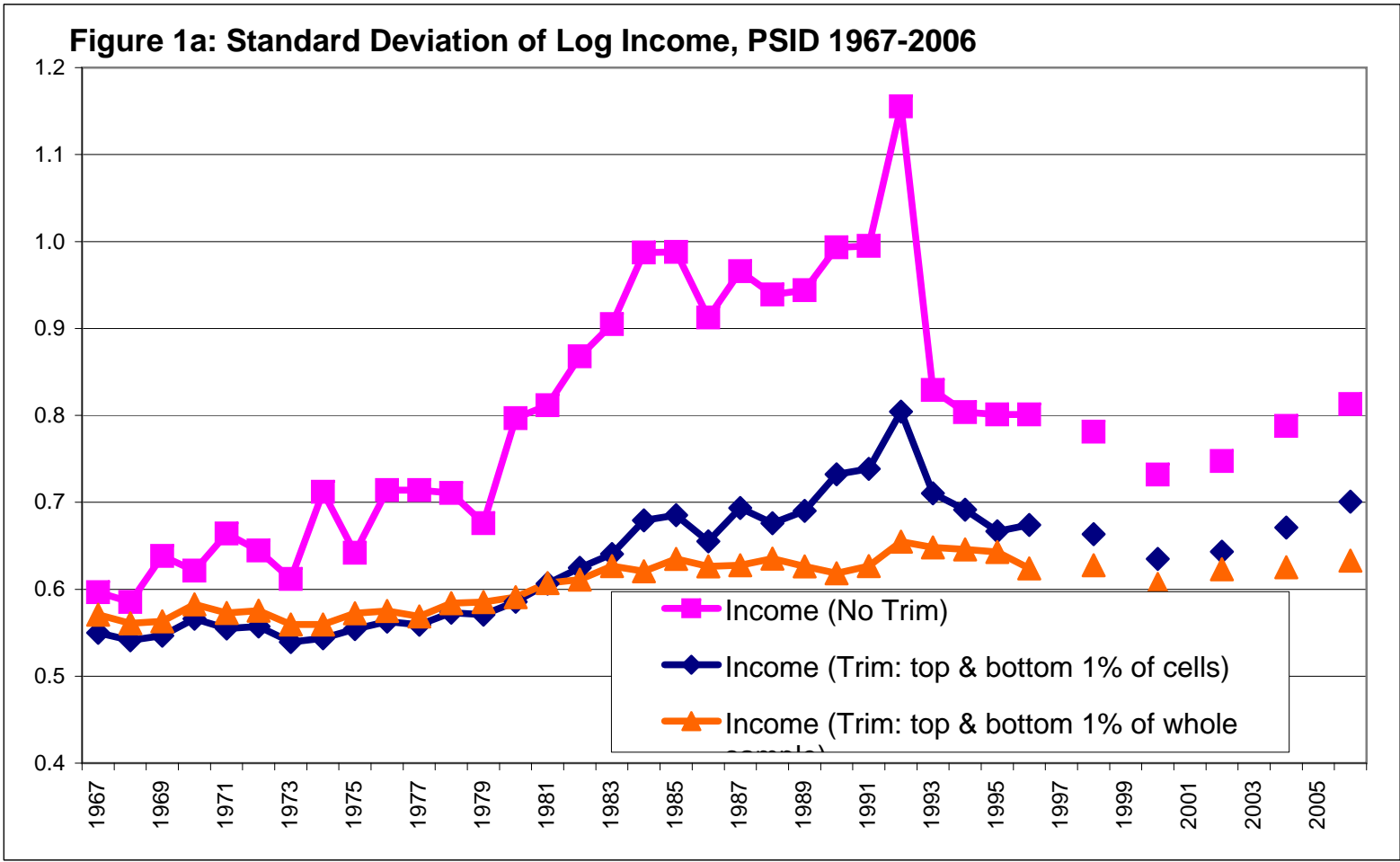
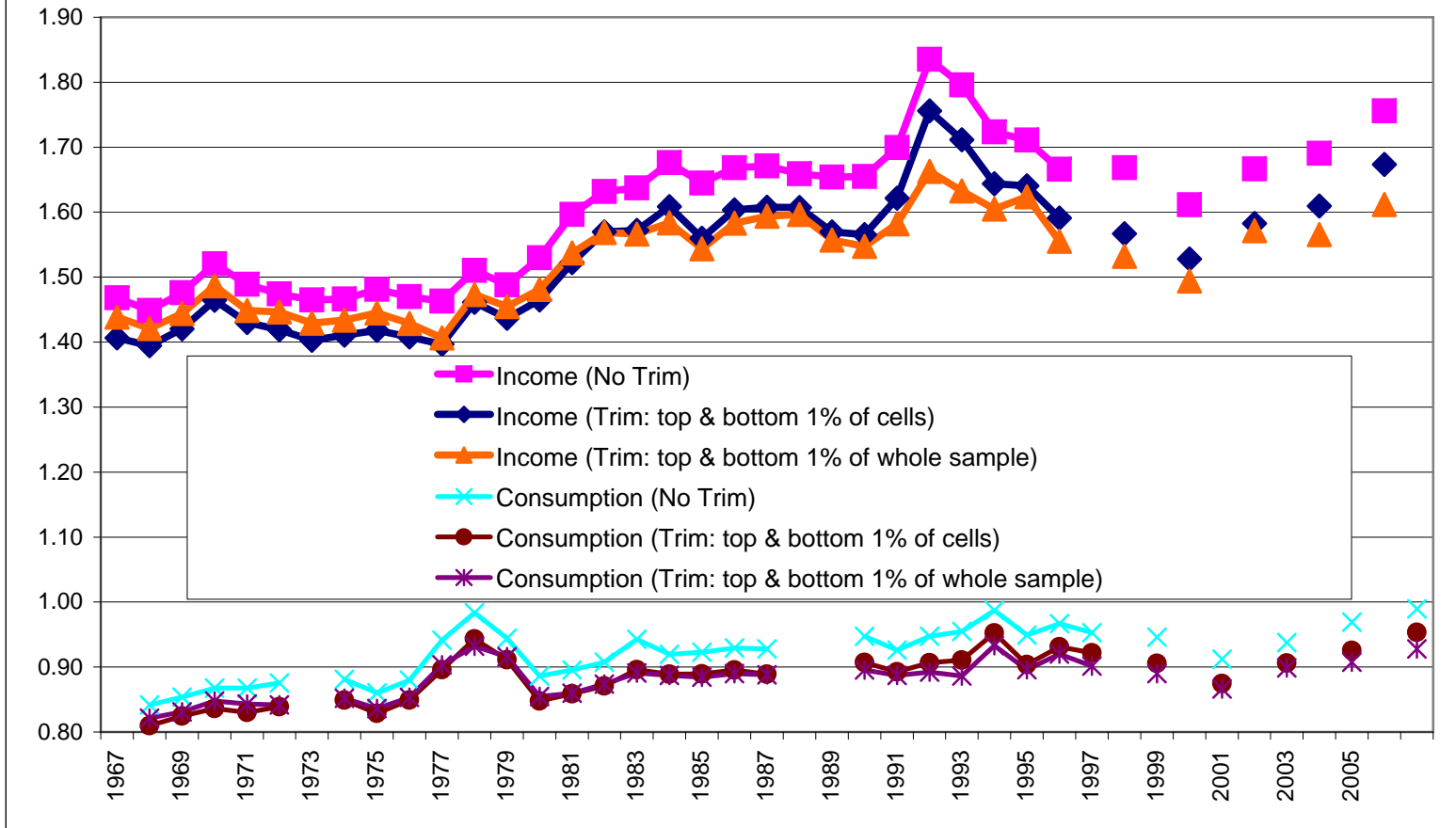# Figure 1a: Standard Deviation of Log Income, PSID 1967-2006

Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights. Log income is the residuals after controlling for year, age, education, race, and interactions.

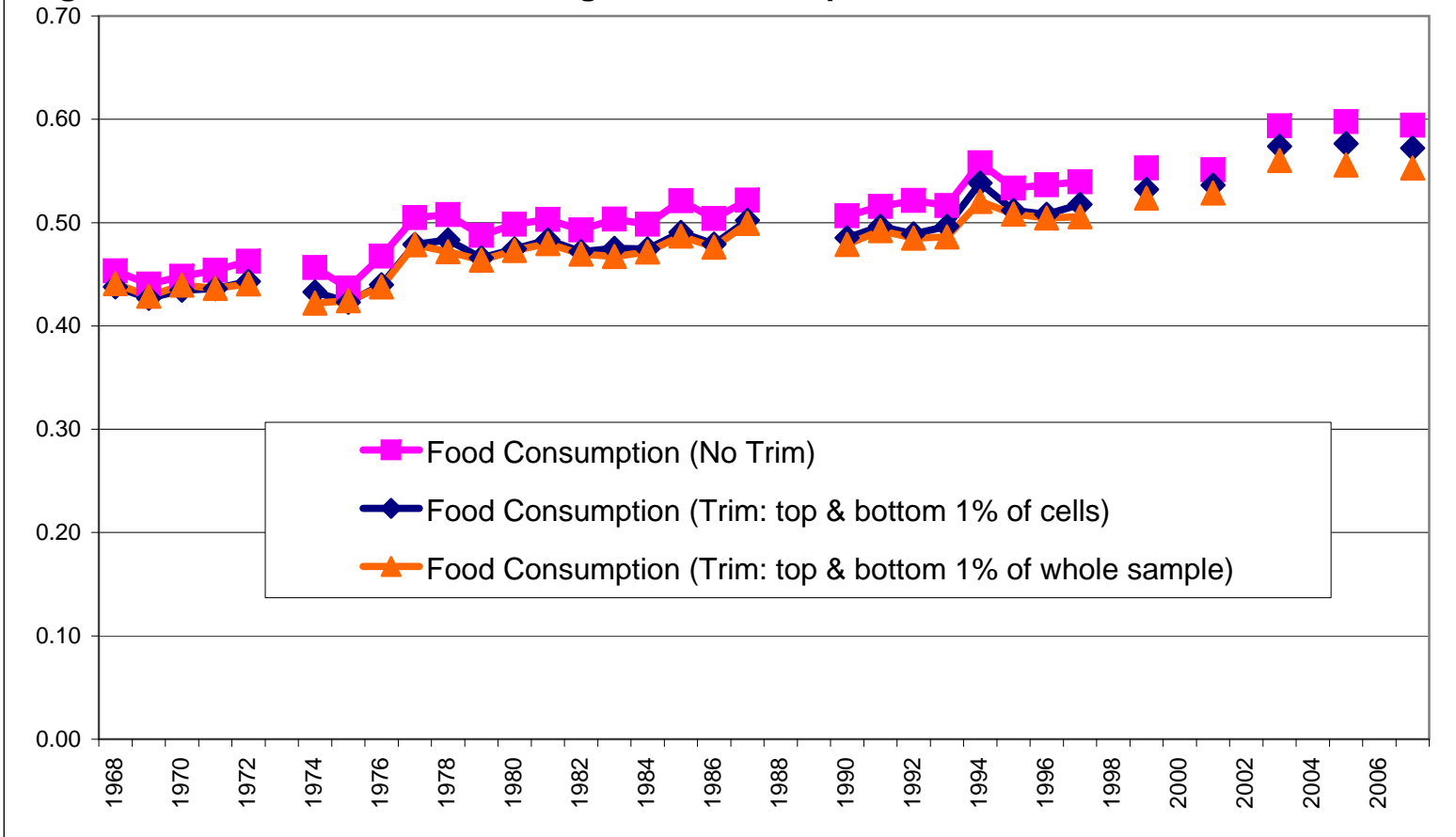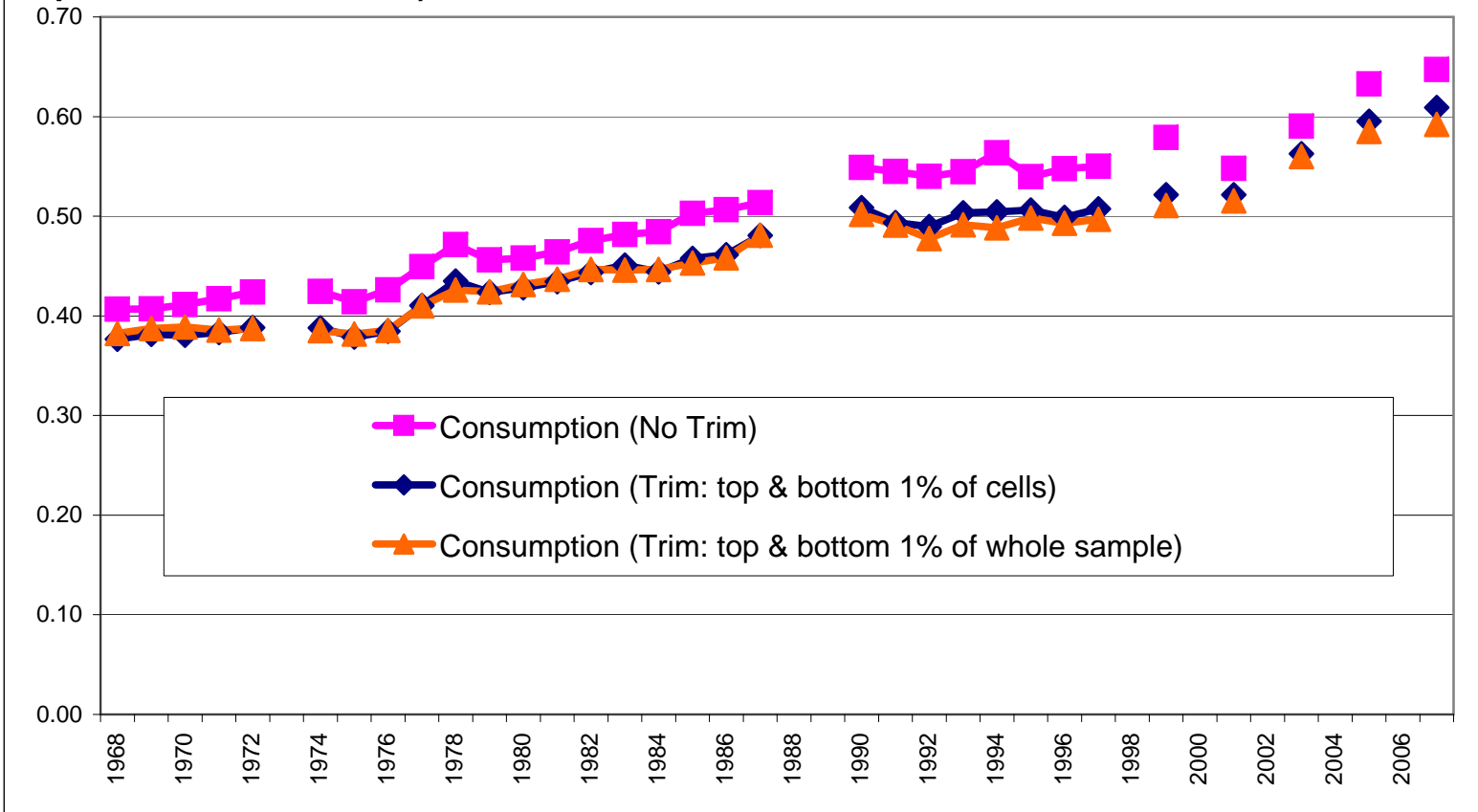**Figure 1b: Coefficient of Variation of Income, PSID 1967-2006**
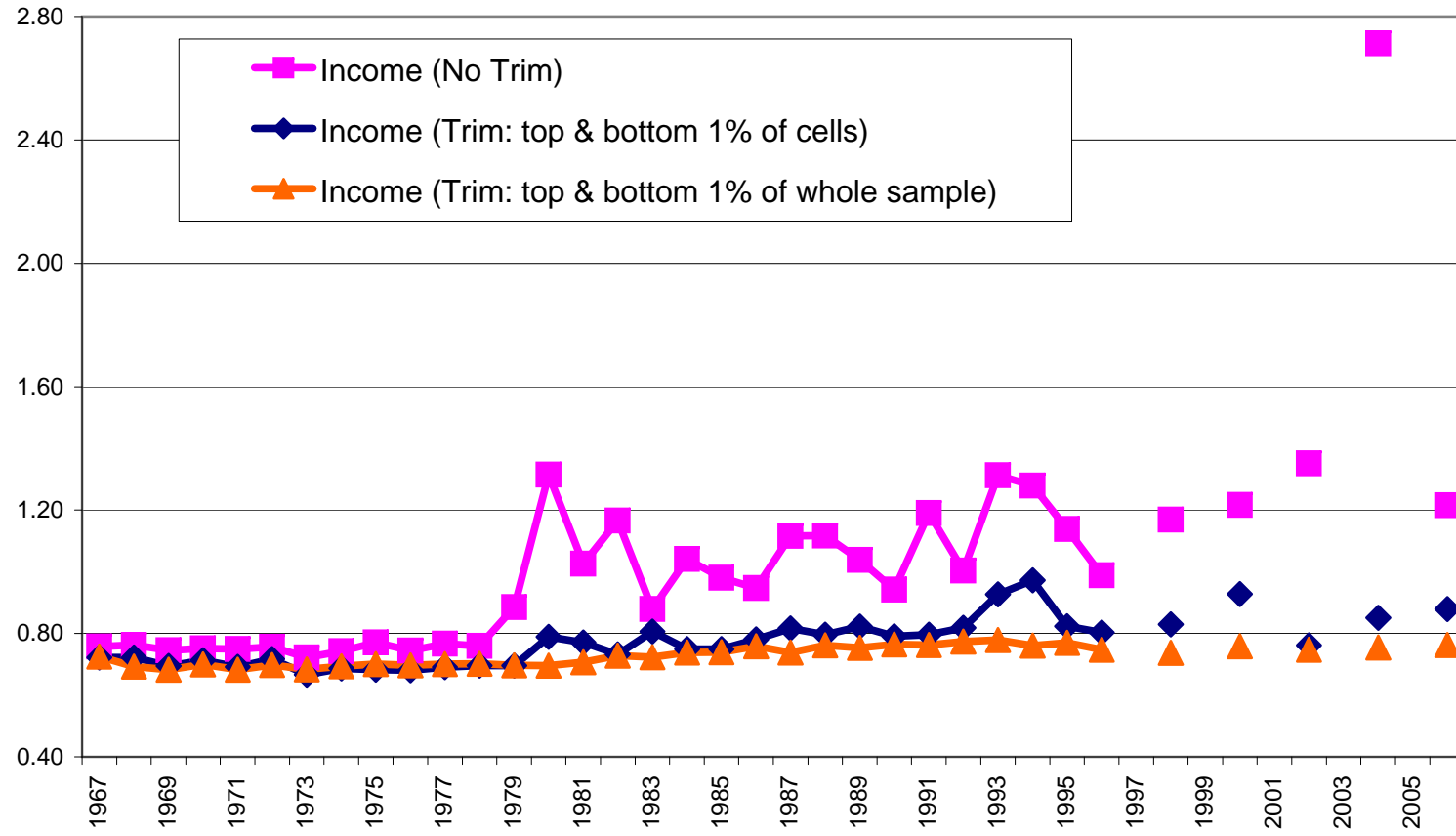
Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights.

Figure 1c: 90/10 Log Difference of Income and Consumption, PSID 1967-2006

Legend:
- Income (No Trim)
- Income (Trim: top & bottom 1% of cells)
- Income (Trim: top & bottom 1% of whole sample)
- Consumption (No Trim)
- Consumption (Trim: top & bottom 1% of cells)
- Consumption (Trim: top & bottom 1% of whole sample)

Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey.

Figure 2a: Standard Deviation of Log Food Consumption, PSID 1967-2006

Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights. Food consumption includes food at home, food away from home, and food bought with food stamps.

Figure 2b: Standard Deviation of Log Food & Housing Consumption (Rental Equivalent ∝ Home Value), PSID 1968-2007

Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights. Housing consumption for homeowners is calculated as the annuitized value of the value of the home. Log consumption is the residuals after controlling for year, age, education, race, and interactions.

**Figure 2c: Standard Deviation of Log Food & Housing Consumption (Rental Equivalent Predicted), PSID 1967-2006**
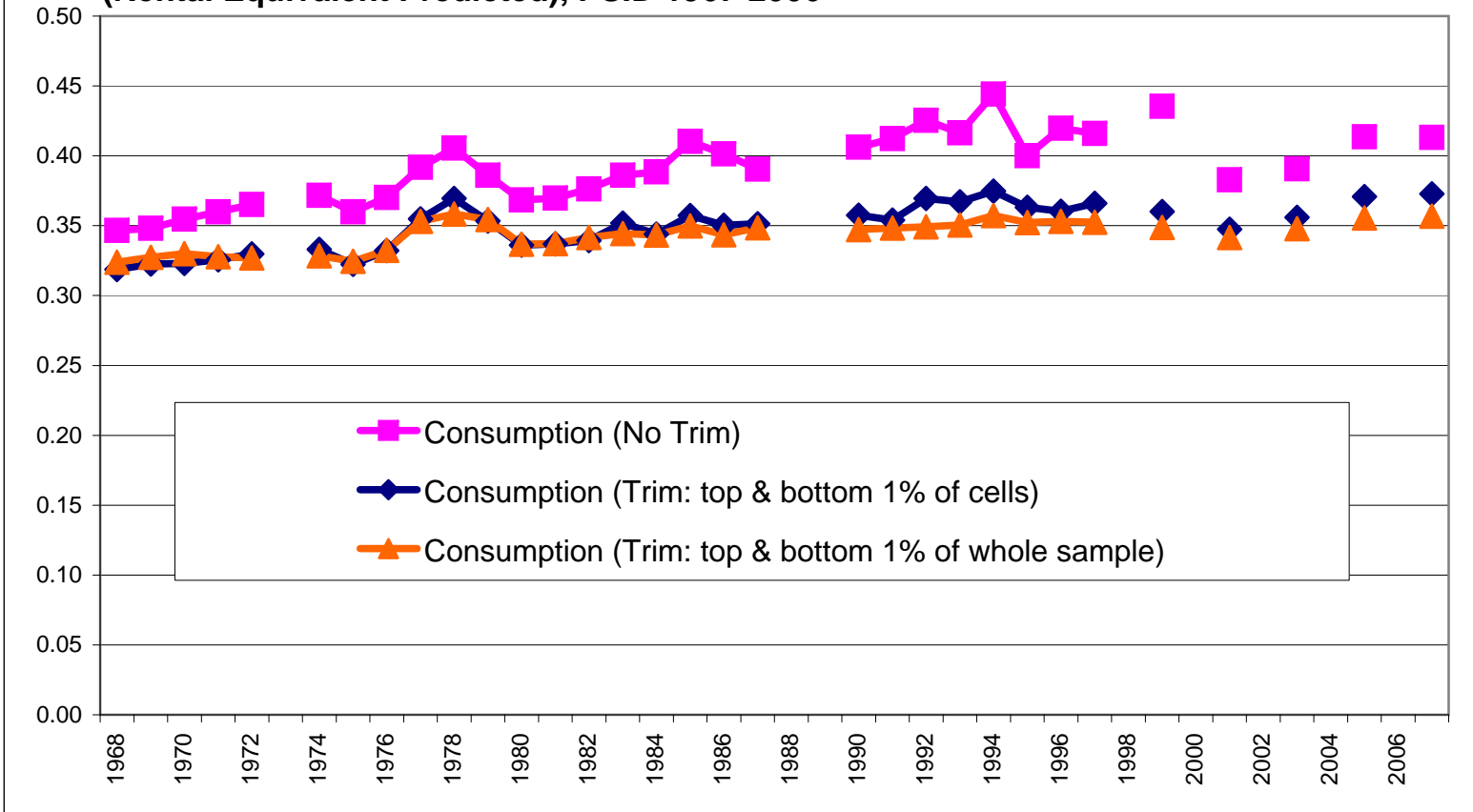
Legend:
- Consumption (No Trim)
- Consumption (Trim: top & bottom 1% of cells)
- Consumption (Trim: top & bottom 1% of whole sample)

Notes: Numbers are adjusted for inflation using the CPI-U-RS. Statistics are weighted using family weights. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log consumption is the residuals after controlling for year, age, education, race, and interactions.

Figure 3a: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income (No Trim, Rental Equivalent $\propto$ Home Value), PSID 1971-2003
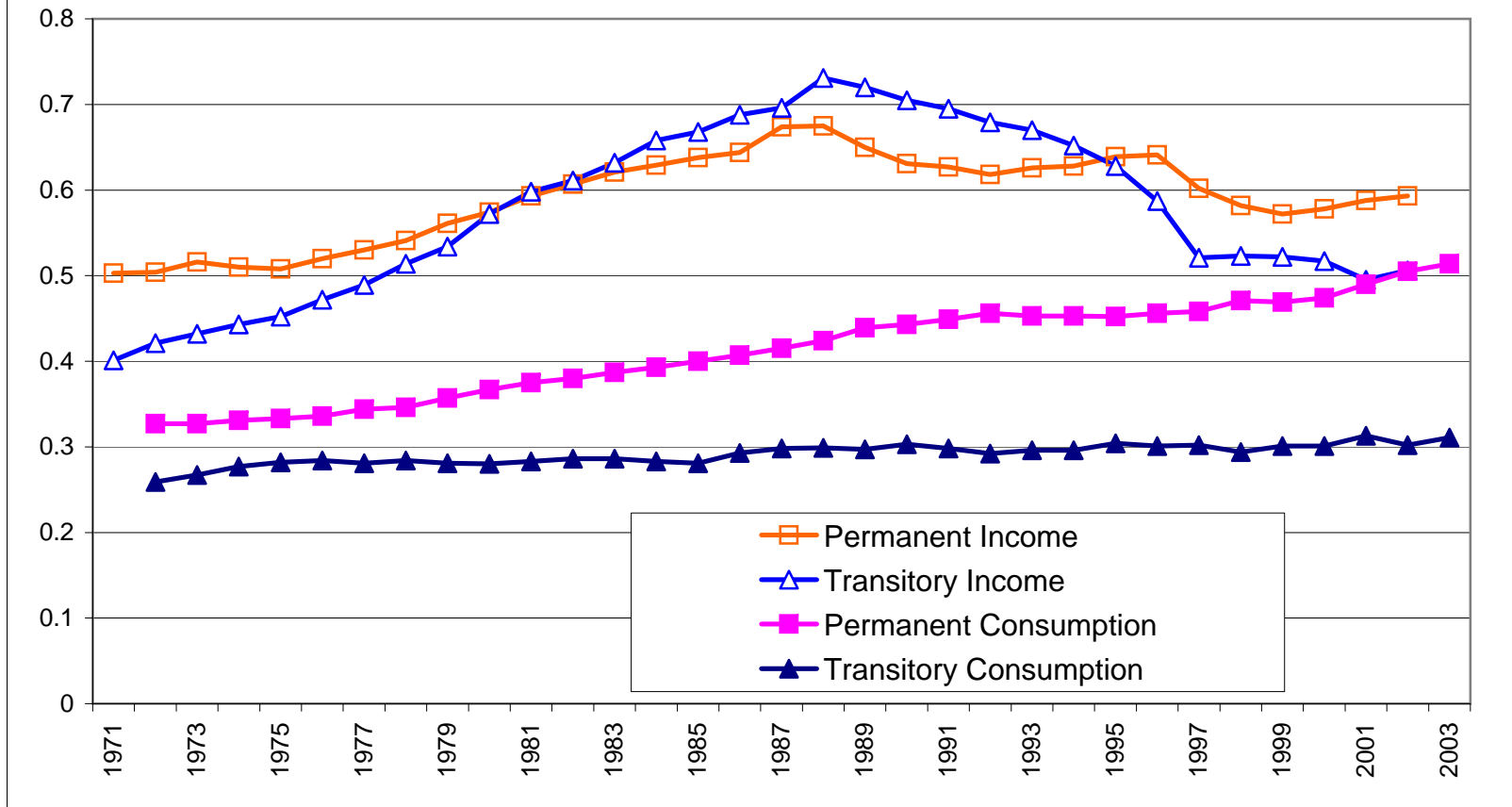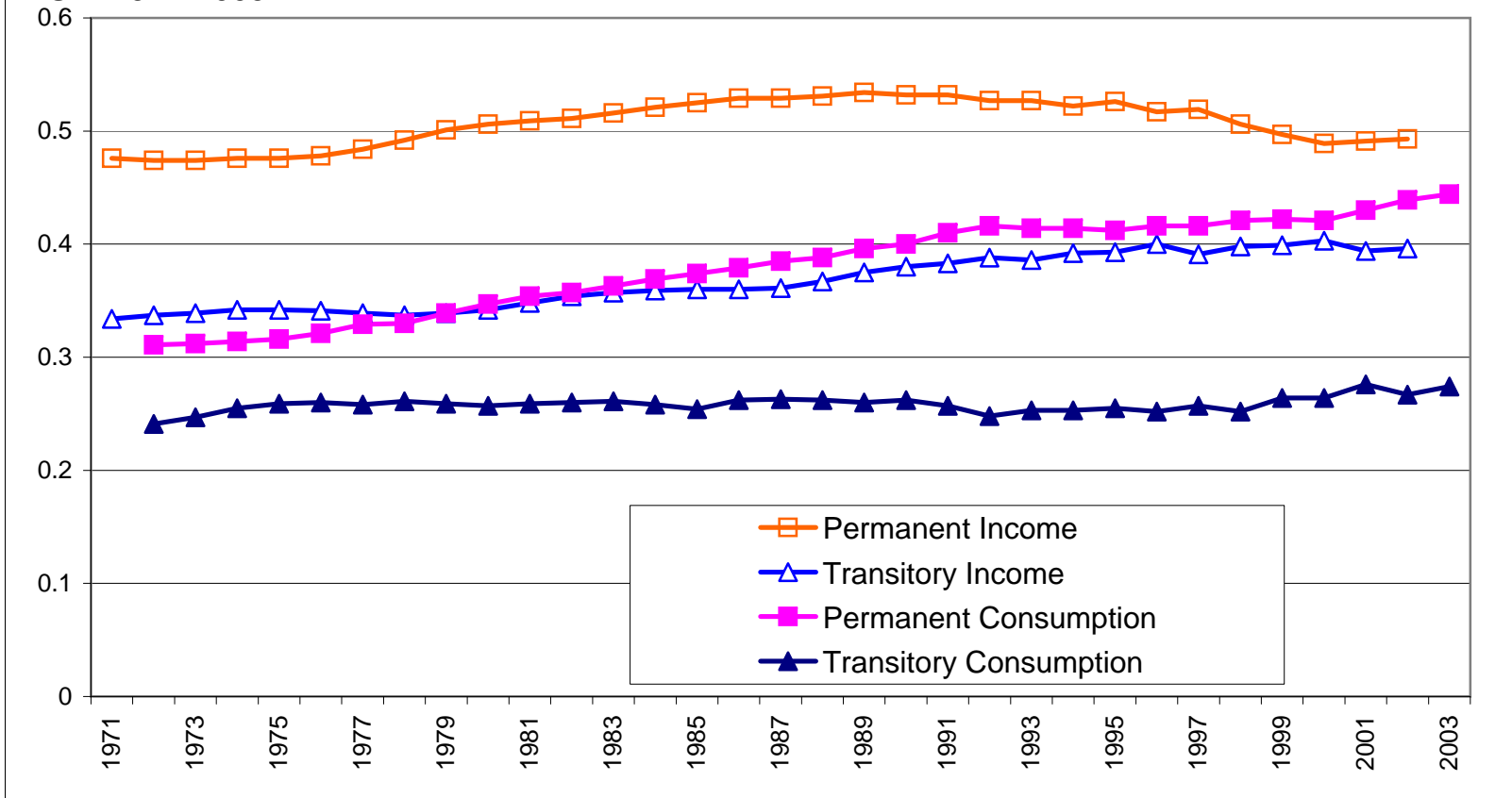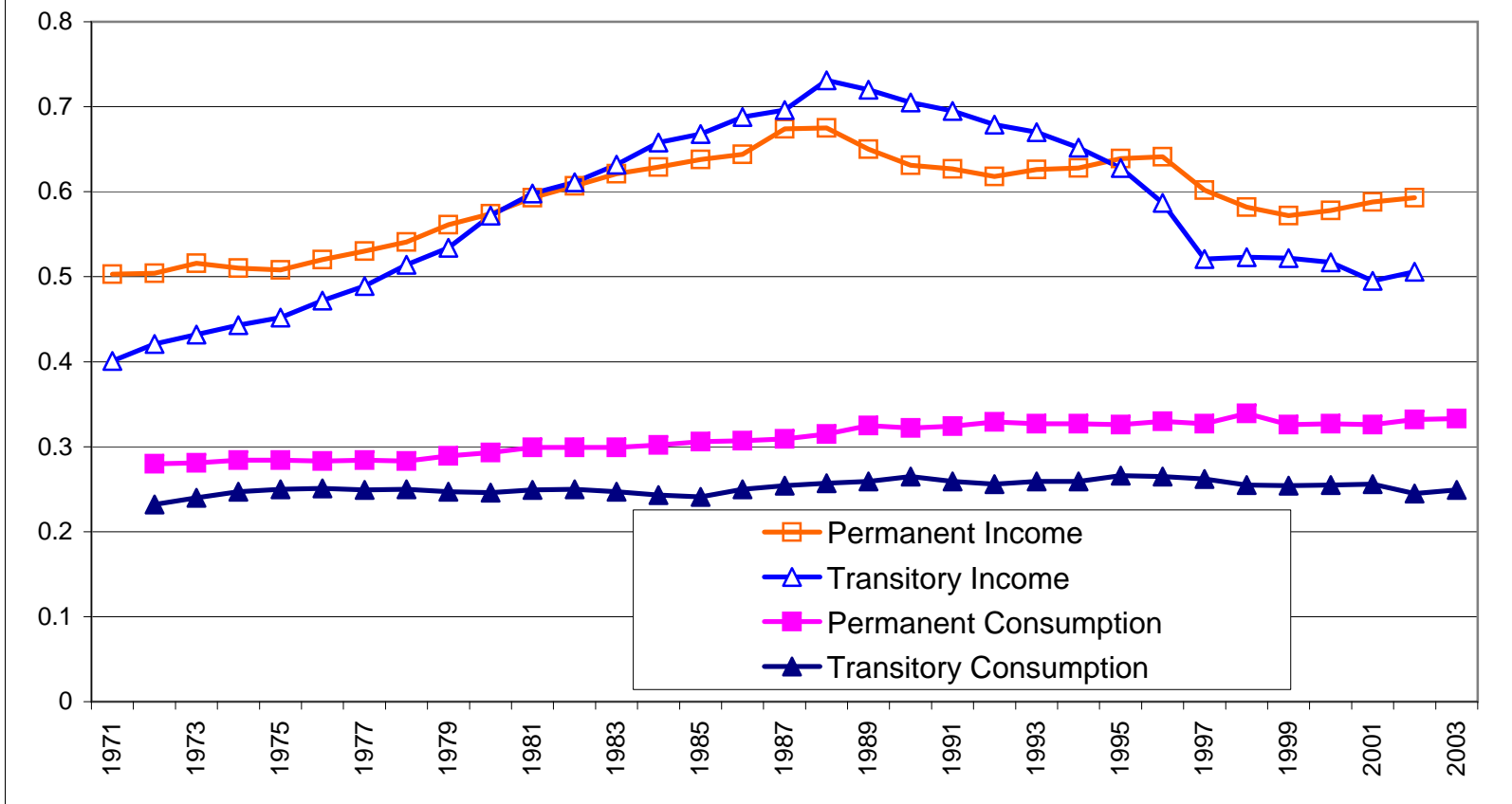
Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 3b: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income, PSID 1971-2003 (Trim Top & Bottom 1% of Cells, Rental Equivalent ∝ Home Value)
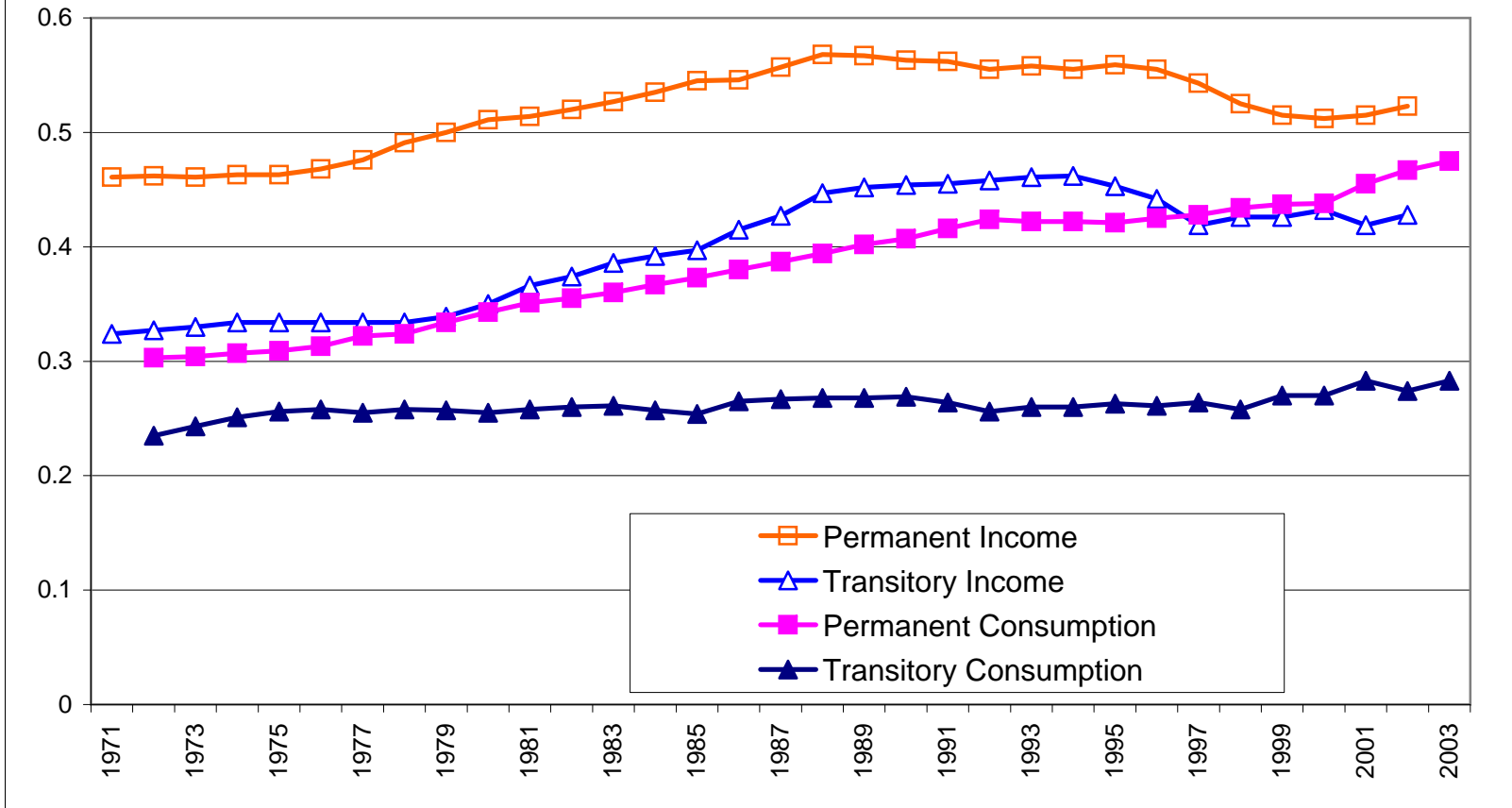
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 3c: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income (Trim Top & Bottom 1% of Whole Sample, Rental Equivalent $\propto$ Home Value), PSID 1971-2003
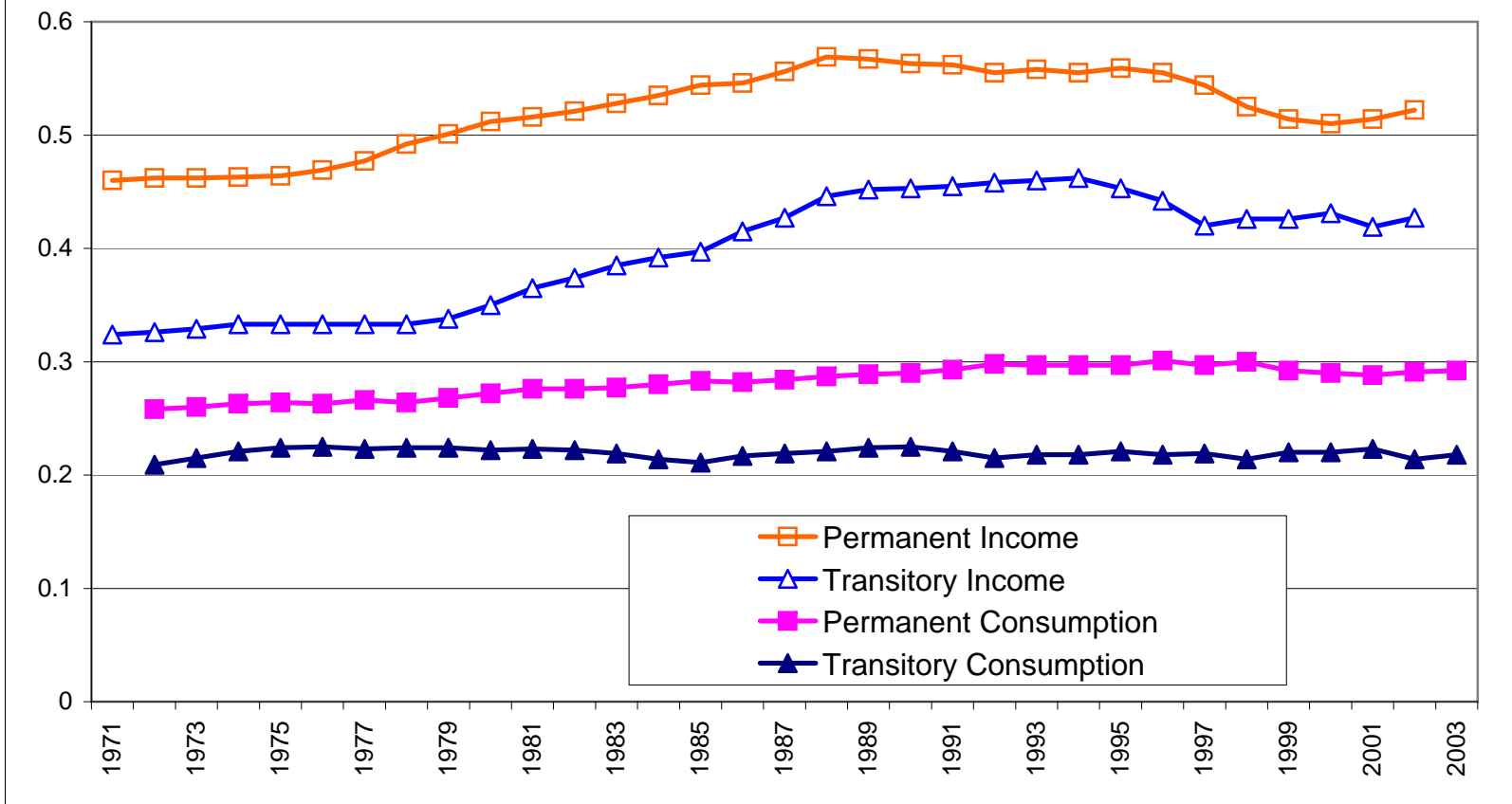
Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 4a: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income (No Trim, Rental Equivalent Predicted), PSID 1971-2003
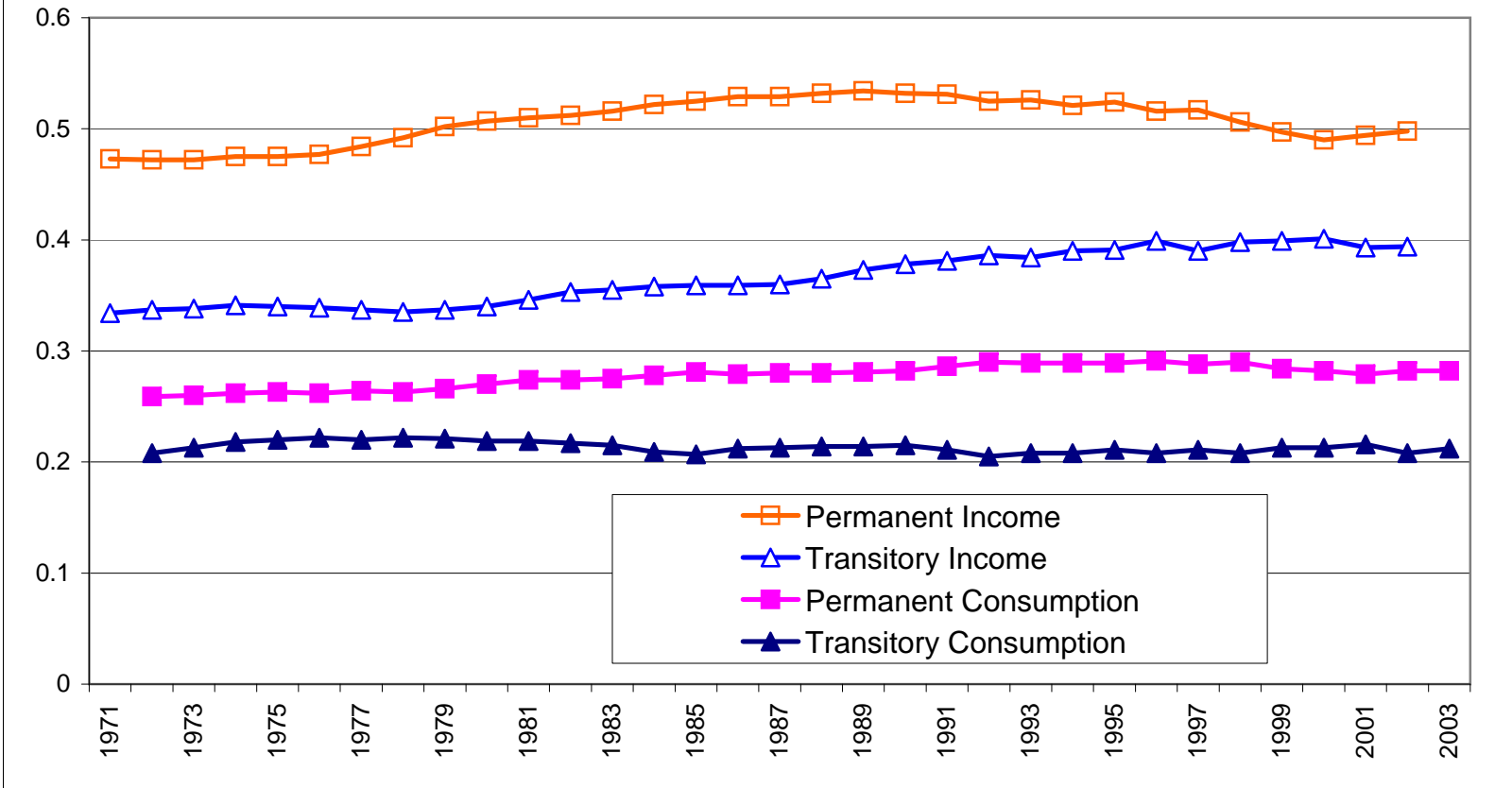
Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 4b: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income (Trim Top & Bottom 1% of Cells, Rental Equivalent Predicted), PSID 1971-2003
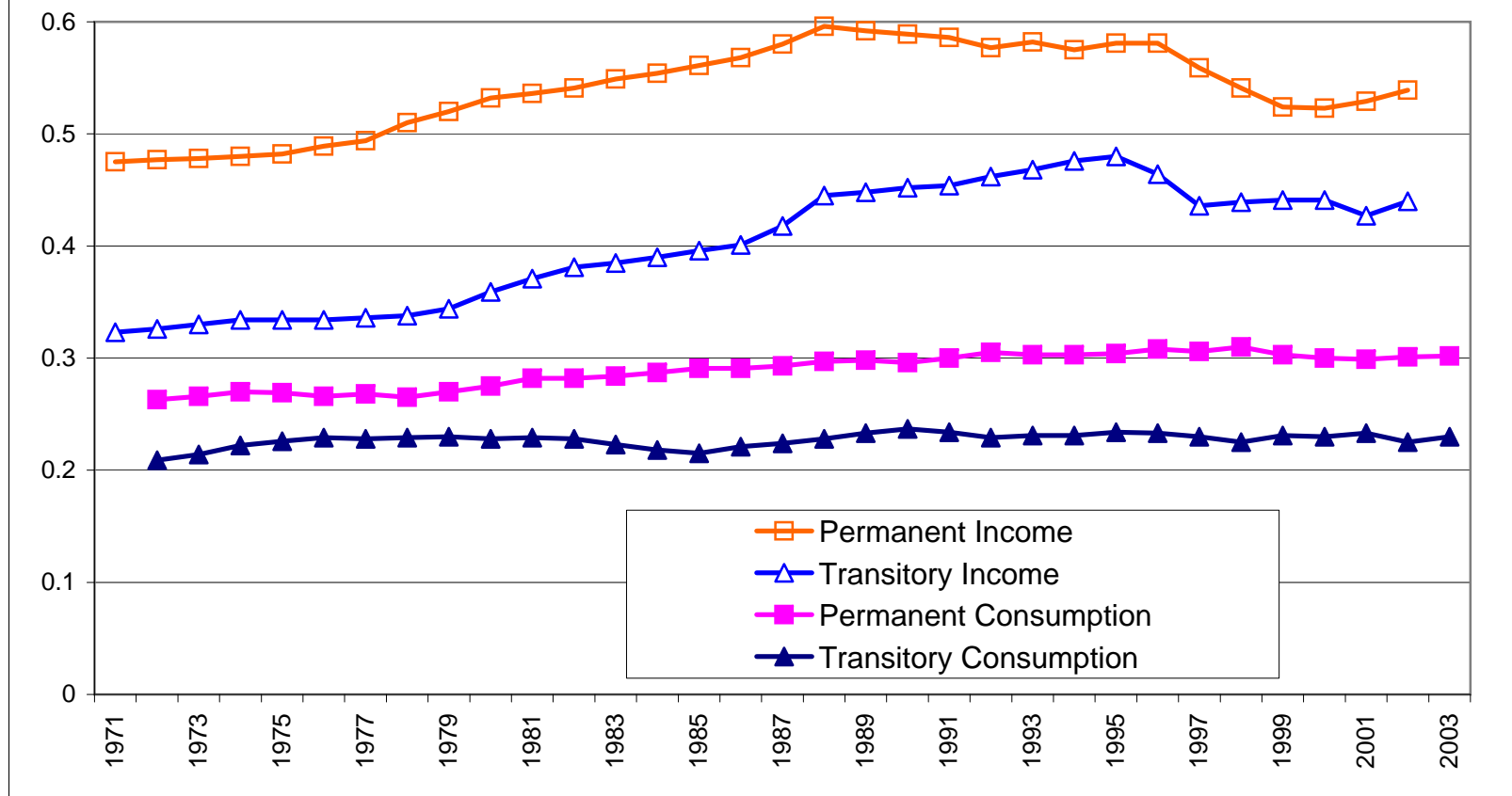
Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 4c: Permanent and Transitory Variance of Log Food & Housing Consumption and Log Income (Trim Top & Bottom 1% of Whole Sample, Rental Equivalent Predicted), PSID 1971-2003
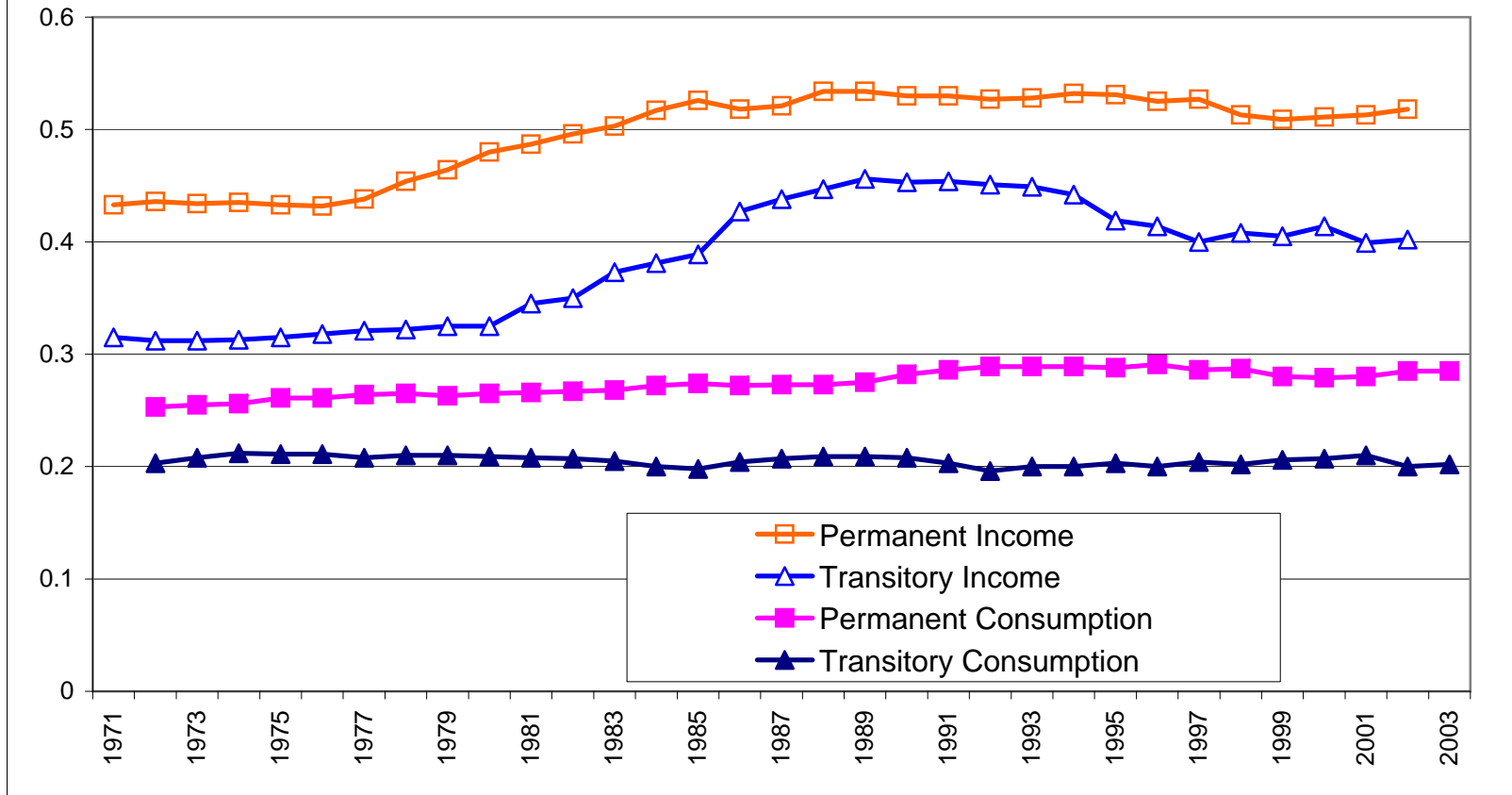

Legend:
- □ Permanent Income
- △ Transitory Income
- ■ Permanent Consumption
- ▲ Transitory Consumption

Notes: For year t, the variance components are calculated using data for a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 5a: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Heads with a High School Degree or Less

Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.
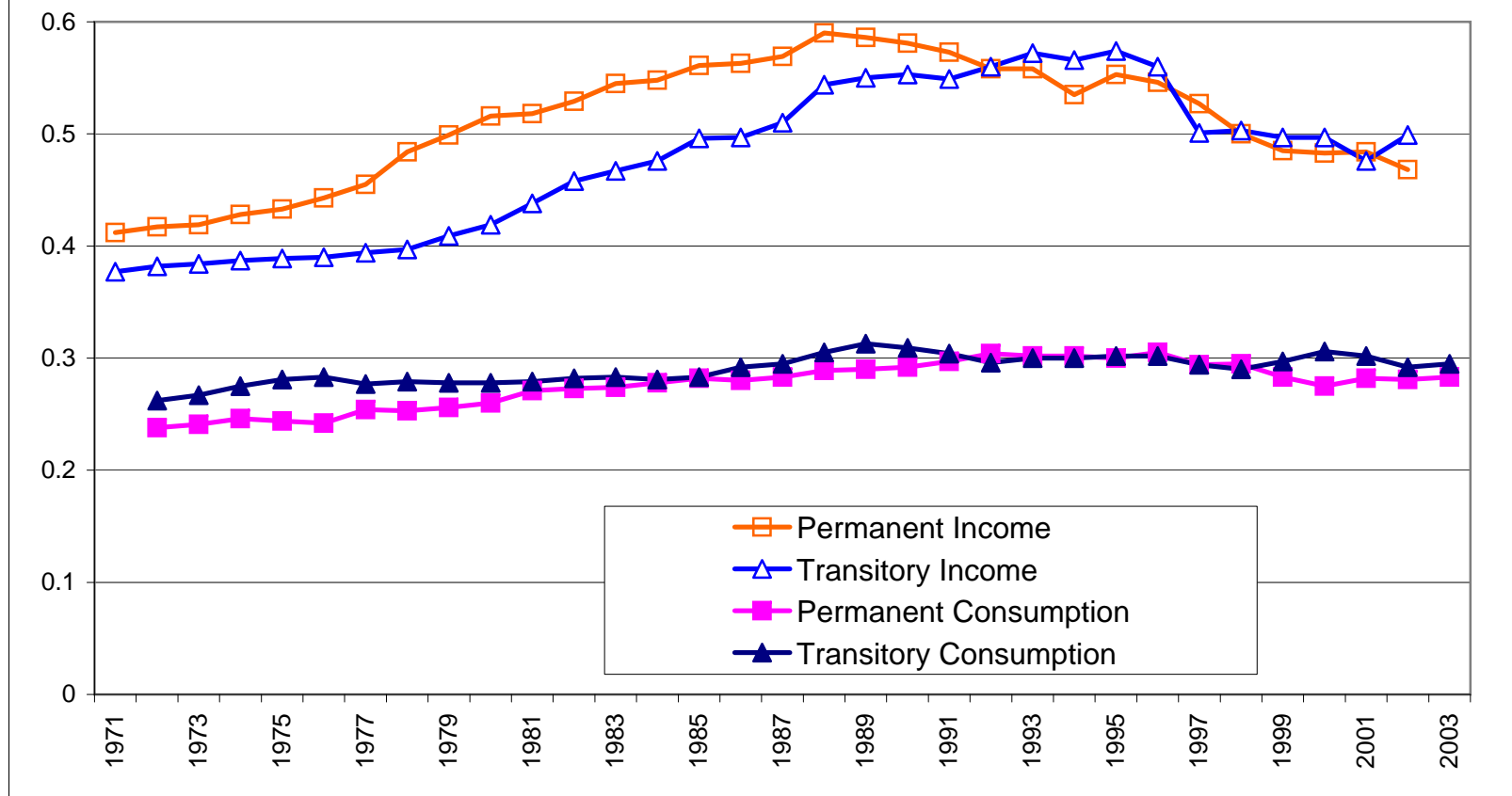
Figure 5b: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Heads with More than a High School Degree

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.
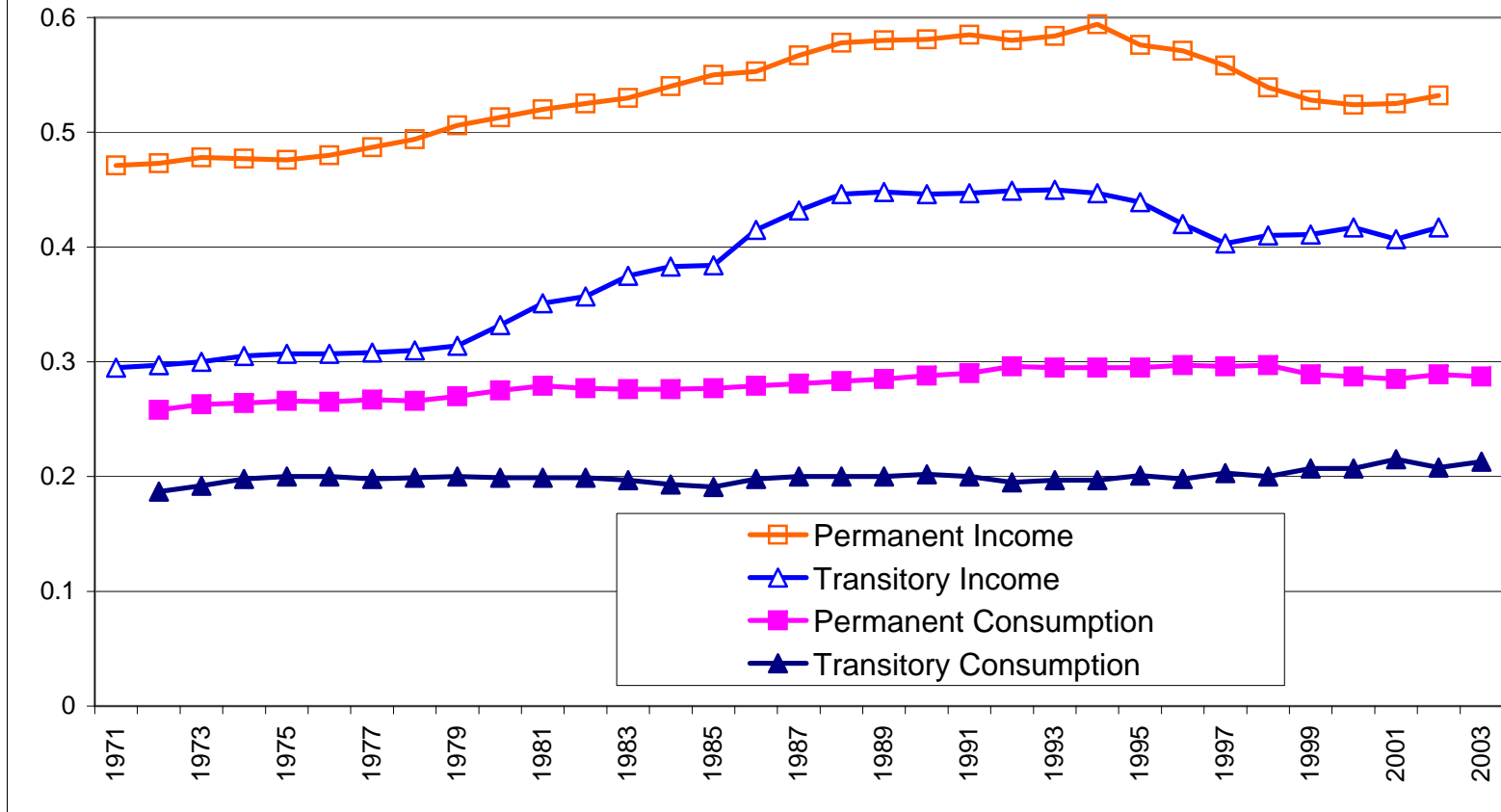
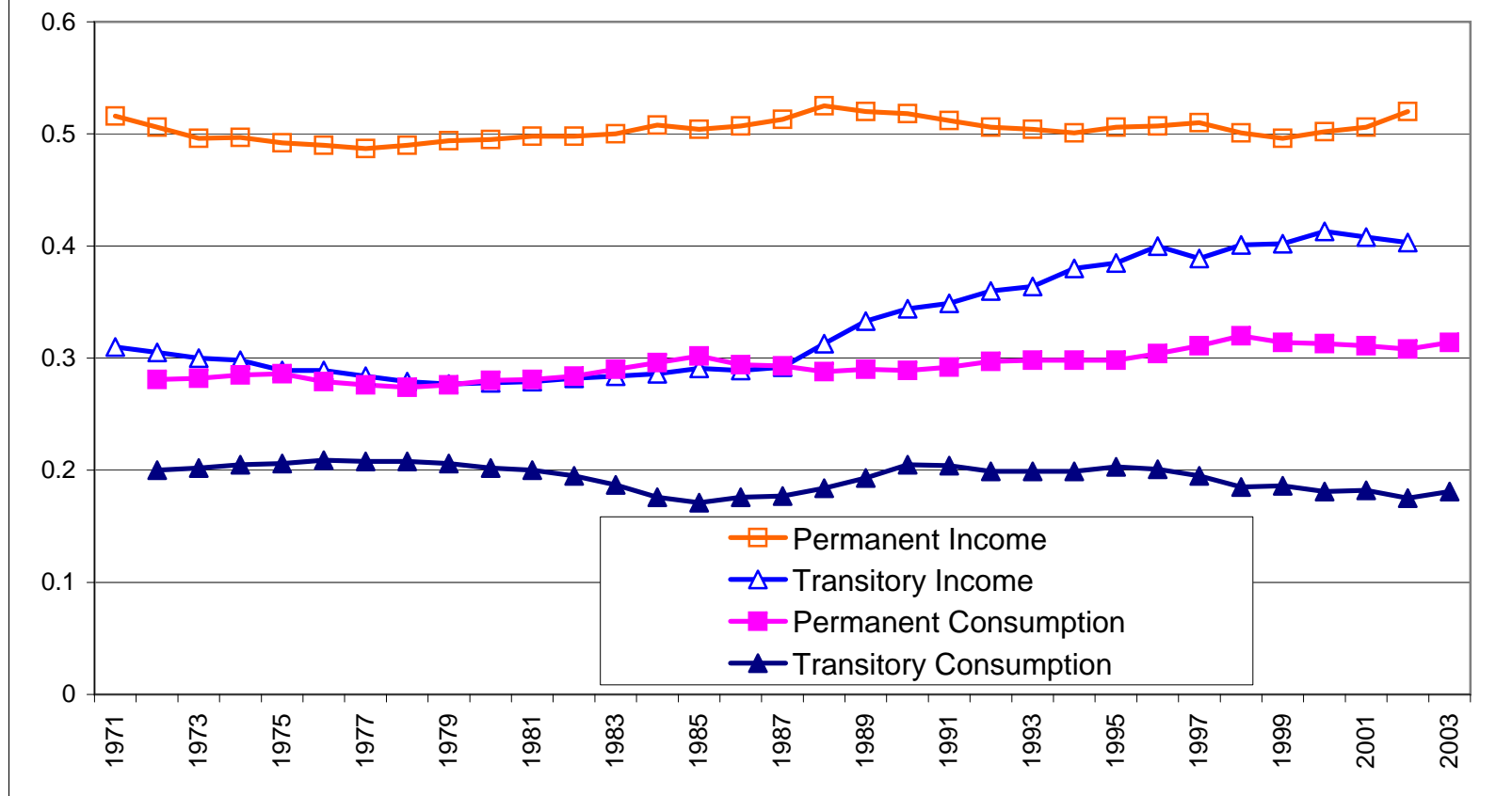**Figure 6a: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Heads age 18-29**

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

**Figure 6b: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Heads age 30-64**

Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

# Figure 6c: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Heads over 64

Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 7a: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Bottom Quintile of Wealth Distribution
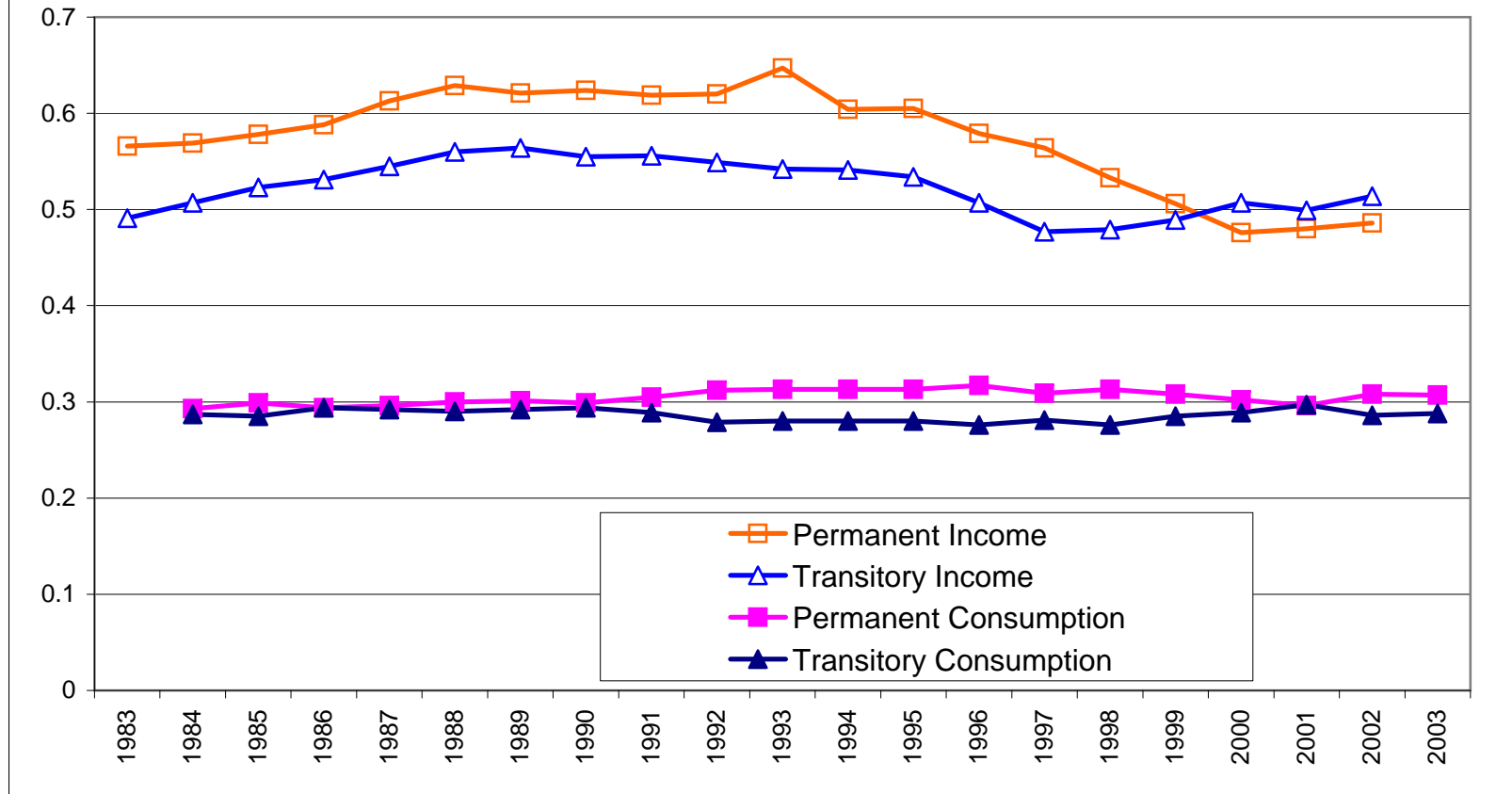
Legend:
- Permanent Income
- Transitory Income
- Permanent Consumption
- Transitory Consumption

Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 7b: Permanent and Transitory Variance of Consumption and Income, PSID 1971-2003, Top Four Quintiles of Wealth Distribution
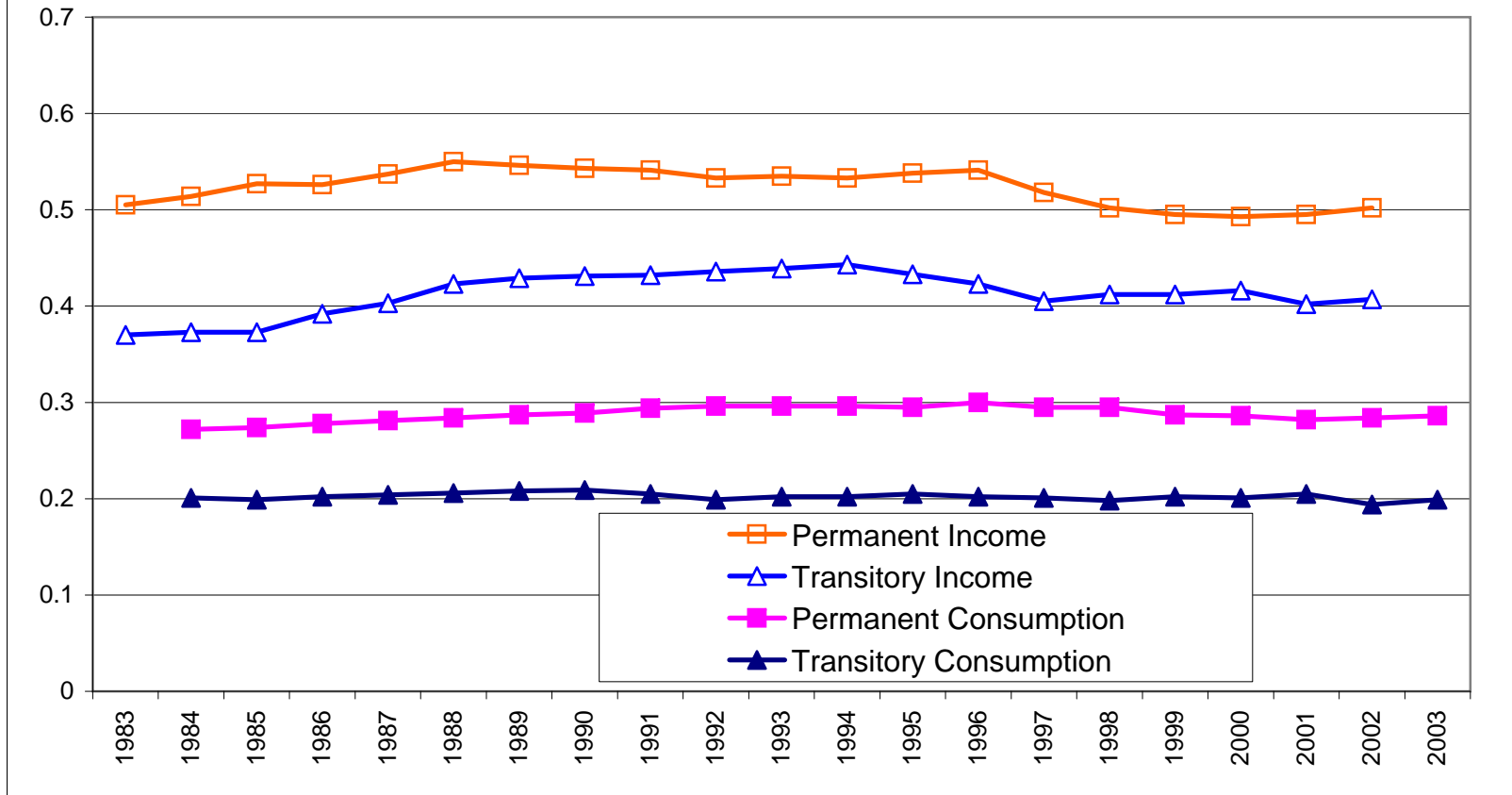
Notes: For year t, the variance components are calculated using a 9-year window from t-4 to t+4. Data come from the 1968 through 2007 surveys of the PSID. The top and bottom 1% within demographic cells are trimmed. Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions.

Figure 8: Transitory Variance of Log Food & Housing Consumption and Log Income Using Two-Year Differences, PSID 1969-2007
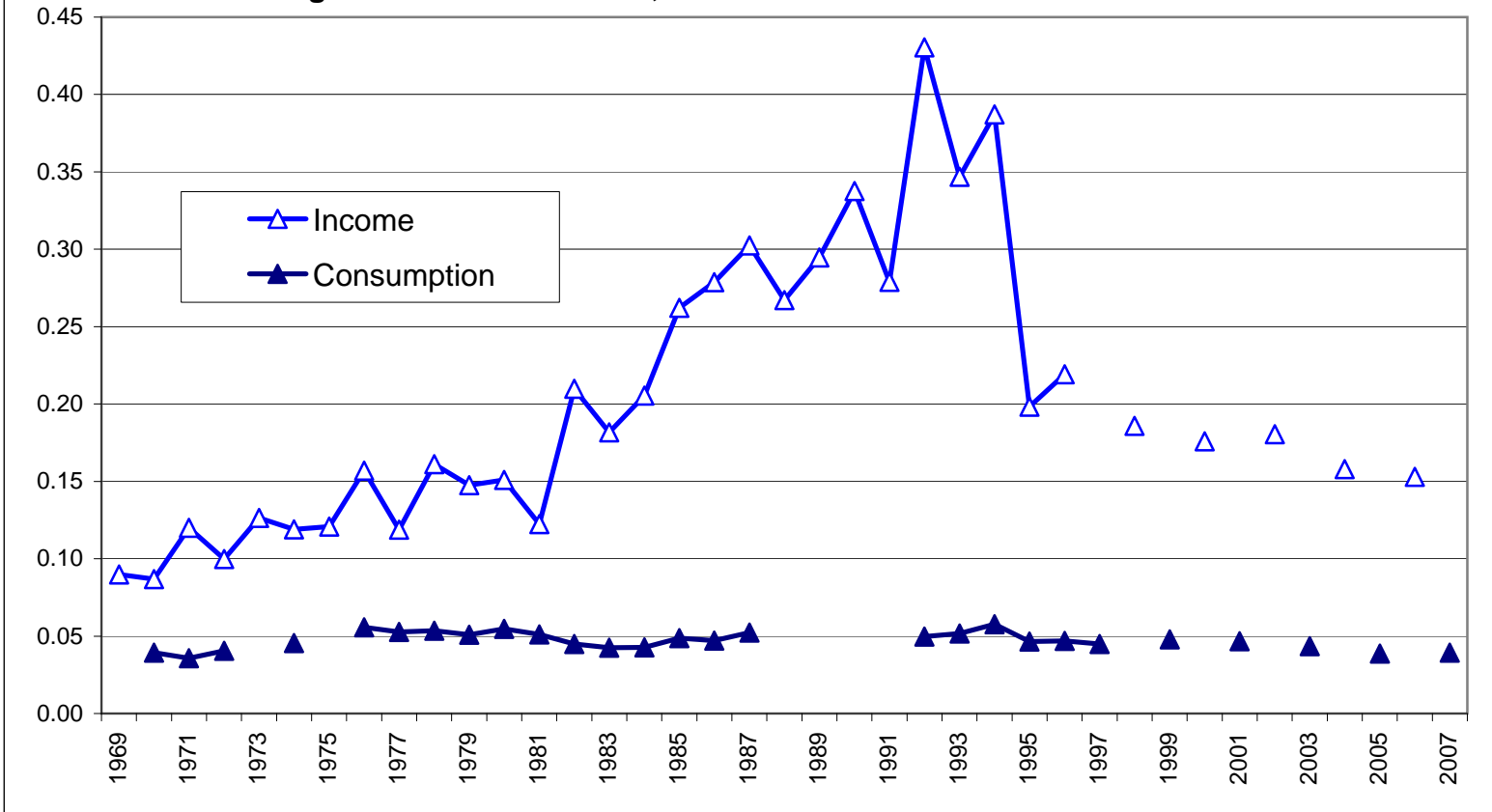
Notes: Housing consumption for homeowners is calculated as the predicted rental equivalent using data on rental equivalent and home value in the CE Survey. Log income and consumption are the residuals after controlling for year, age, education, race, and interactions. Tranistory variance is calculated as half the variance of the two-year differences in log income or consumption.